

Interstate Commerce Commission  
Washington, D. C.

Gentlemen:

Enclosed for recordation under the provisions of Section 20(c) of the Interstate Commerce Act, as amended, are the original and three counterparts of a Security Agreement-Trust Deed dated as of July 1, 1976.

A general description of the railroad rolling stock covered by the enclosed documents is set forth in Schedule A attached to this letter and made a part hereof.

NO. 6-189A-35

Date JUL 7 1976  
Fee \$ 50

ICC Washington, D. C.

The names and addresses of the parties are:

Debtor: Harold K. Criswell, Weldon J. Smith and  
Robert F. Whitworth, Jr., as Trustees  
under PP&L Trust No. 76-1  
c/o Matrix Leasing International, Inc.  
555 California Street, Suite 5190  
San Francisco, California 94104

Secured Party: First National Bank of Minneapolis  
P.O. Box A-700  
Minneapolis, Minnesota 55480

The undersigned is the Debtor under the Security Agreement-Trust Deed and has knowledge of the matters set forth therein.

Please return the original and one counterpart of the Security Agreement-Trust Deed to Robert P. Davis, Esq., Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603.

Enclosed is a check in the amount of \$50.00 covering the required recording fee.

Very truly yours,

HAROLD K. CRISWELL, WELDON J. SMITH  
AND ROBERT F. WHITWORTH, JR.,  
as Trustees under PP&L Trust  
No. 76-1

*Weldon J. Smith*  
By *Harold K. Criswell*  
Debtor as aforesaid

Enclosures

RECEIVED

JUL 7 11 39 AM '76

CERTIFICATION UNIT

Counterpart: C. K. Criswell

DESCRIPTION OF EQUIPMENT

MANUFACTURER:	Bethlehem Steel Corporation
DESCRIPTION:	110 100-ton open top triple hopper cars
ROAD OR CAR NUMBERS:	Lettered PPLX and numbered 226, 244, 306, 544, 842 and 992 to 1096, both inclusive

(PP&L Trust No. 76-1)

SCHEDULE A

# Interstate Commerce Commission

Washington, D.C. 20423

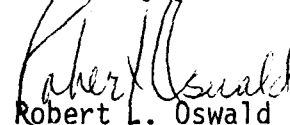
July 7, 1976

OFFICE OF THE SECRETARY

Dear Sir:

The enclosed document was recorded pursuant to the provisions of Section 20c of the Interstate Commerce Act, 49 U.S.C. 20c, on 7/07/76 at 11:45 a. m. , and assigned recordation number 8402

Sincerely yours,

  
Robert L. Oswald  
Secretary

Enclosure

SE-39  
(2/75)

8402  
RECORDATION NO. .... Filed & Recorded  
JUL 7 1976 - 11 55 PM  
STATE COMMERCE COMMISSION

---

SECURITY AGREEMENT-TRUST DEED

Dated as of July 1, 1976

FROM

HAROLD K. CRISWELL, WELDON J. SMITH  
and ROBERT F. WHITWORTH, JR.,  
as Trustees under PP&L Trust No. 76-1

as Debtor

TO

FIRST NATIONAL BANK OF MINNEAPOLIS  
as Security Trustee

as Secured Party

---

## TABLE OF CONTENTS

<u>Section</u>	<u>Heading</u>	<u>Page</u>
Parties . . . . .		1
Recitals. . . . .		1
1. Definitions . . . . .		3
2. Covenants and Warranties of the Trust . . . . .		5
2.1. Debtor's Duties . . . . .		5
2.2. Warranty of Title . . . . .		5
2.3. Further Assurances. . . . .		5
2.4. After-acquired Property . . . . .		6
2.5. Recordation and Filing. . . . .		6
2.6. Modifications of the Lease. . . . .		6
2.7. Power of Attorney in Respect of the Lease . . . . .		7
3. Possession, Use and Release of Property . . . . .		7
3.1. Possession of Collateral. . . . .		7
3.2. Release of Property . . . . .		7
3.3. Release of Equipment; Consent of Noteholders. . . . .		8
3.4. Protection of Purchaser . . . . .		8
4. Application of Assigned Rentals and Certain Other Moneys Received by the Security Trustee. . . . .		8
4.1. Application of Rents. . . . .		8
4.2. Multiple Notes. . . . .		9
4.3. Default . . . . .		9
5. Defaults and Other Provisions . . . . .		9
5.1. Events of Default . . . . .		9
5.2. Security Trustee's Rights . . . . .		10
5.3. Acceleration Clause . . . . .		12
5.4. Waiver by Debtor. . . . .		12
5.5. Effect of Sale. . . . .		13
5.6. Application of Sale Proceeds. . . . .		13
5.7. Discontinuance of Remedies. . . . .		13
5.8. Cumulative Remedies . . . . .		14
5.9. Right to Cure . . . . .		14

<u>Section</u>	<u>Heading</u>	<u>Page</u>
6.	Successor Trustees and Other Provisions. . . . .	15
6.1.	Certain Duties and Responsibilities of the Security Trustee . . . . .	15
6.2.	Compensation of Security Trustee . . . . .	16
6.3.	Certain Rights of the Security Trustee . . . . .	16
6.4.	Showings Deemed Necessary by the Security Trustee . . . . .	19
6.5.	Status of Moneys Received. . . . .	19
6.6.	Resignation or Removal of the Security Trustee . . . . .	19
6.7.	Appointment of Successor Security Trustee . . . . .	20
6.8.	Succession of Successor Security Trustee . . . . .	20
6.9.	Eligibility of the Security Trustee. . . . .	21
6.10.	Successor Security Trustee by Merger . . . . .	21
7.	Limitations of Liability . . . . .	21
8.	Supplemental Indentures; Waivers . . . . .	22
8.1.	Supplemental Indentures Without Noteholders' Consent . . . . .	22
8.2.	Waivers and Consents by Noteholders; Supplemental Indentures with Noteholders' Consent. . . . .	23
9.	Miscellaneous. . . . .	23
9.1.	Registration Register. . . . .	23
9.2.	Payment of the Notes . . . . .	24
9.3.	Transfers and Exchanges of Notes; Lost or Mutilated Notes . . . . .	25
9.4.	The New Notes. . . . .	26
9.5.	Cancellation of Notes. . . . .	27
9.6.	The Security Trustee as Agent. . . . .	27
9.7.	Registered Owner . . . . .	27
9.8.	Successors and Assigns . . . . .	28
9.9.	Partial Invalidity . . . . .	28
9.10.	Communications . . . . .	28
9.11.	Release. . . . .	28
9.12.	Governing Law. . . . .	28
9.13.	Counterparts . . . . .	29
9.14.	Headings . . . . .	29
9.15.	Effective Date . . . . .	29
	Signature Page . . . . .	29
	Attachments to Security Agreement-Trust Deed	
	Schedule A - Description of Equipment	
	Schedule B - Trustor's Participation	

SECURITY AGREEMENT-TRUST DEED

RE:

PENNSYLVANIA POWER & LIGHT COMPANY  
(PP&L Trust No. 76-1)

THIS SECURITY AGREEMENT-TRUST DEED (the "Security Agreement") dated as of July 1, 1976 from HAROLD K. CRISWELL, WELDON J. SMITH and ROBERT F. WHITWORTH, JR., as Trustees under PP&L Trust No. 76-1, as debtor (the "Debtor"), to FIRST NATIONAL BANK OF MINNEAPOLIS, as Trustee, as secured party (the "Security Trustee").

RECITALS:

A. The defined terms used in this Security Agreement shall have the respective meanings indicated in Section 1 hereof unless elsewhere defined or the context shall otherwise require.

B. The Debtor has entered into separate Loan Agreements dated as of July 1, 1976 (the "Loan Agreements") with The Minnesota Mutual Life Insurance Company and Alexander Hamilton Life Insurance Company of America (the "Lenders") providing for the commitments of the Lenders, subject to the terms and conditions therein set forth, to make loans to the Debtor on or prior to August 31, 1976 not exceeding \$2,596,441.10 in aggregate principal amount to be evidenced by Secured Notes, Series A and B (the "Notes"), of the Debtor to be dated the date of issue. Said Series A Notes are to bear interest at the rate of 8-5/8% per annum and are to mature in 12 semiannual installments of principal and interest, said installments to be payable semiannually following the date of issue. Said Series B Notes are to bear interest at the rate of 9-1/4% per annum and are to mature in 40 semiannual installments, the first 12 installments to include interest only and the final 28 installments to include principal and interest, said installments to be payable semiannually following the date of issue. Said Series A and Series B Notes are to be in substantially the forms attached to the Loan Agreements as Exhibits A-1 and A-2, respectively.

C. The proceeds of the Notes are to be applied by the Debtor to finance a portion of the Purchase Price of the Equipment leased or to be leased to the Lessee, under the Lease.

D. All of the requirements of law have been fully complied with; all other acts and things necessary to make this Security Agreement a valid, binding and legal instrument for the security of the Notes have been done and performed.

(PP&L Trust No. 76-1)

NOW, THEREFORE, the Debtor in consideration of the premises and of the sum of Ten Dollars received by the Debtor from the Security Trustee and other good and valuable consideration, receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of and interest on the Notes according to their tenor and effect, and to secure the payment of all other Indebtedness Hereby Secured and the performance and observance of all covenants and conditions in the Notes and in this Security Agreement and in the Loan Agreements contained, hereby grants the Security Trustee, its successors in trust and assigns, for the benefit of the Noteholders, a security interest in, all and singular of the Debtor's right, title and interest in, all and singular, the following described properties, rights, interests and privileges (hereinafter collectively referred to as the "Collateral").

#### DIVISION I

The Items of Equipment described in Schedule A attached hereto and made a part hereof being the Equipment leased or to be leased and delivered under the Lease, together with all accessories, equipment, parts and appurtenances whether now owned or hereafter acquired, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of said Items of Equipment (except such thereof as do not become the property of the Debtor pursuant to Section 8 of the Lease), together with all the rents, issues, income, profits and avails therefrom.

#### DIVISION II

All right, title, interest, claims and demands of the Debtor, as lessor or otherwise, in, under and to the Lease and all Rentals and other sums due and to become due thereunder, including any and all extensions or renewals thereof insofar as the same cover or relate to the Equipment; it being the intent and purpose hereof that the assignment and transfer to the Security Trustee of said Rentals and other sums due and to become due under the Lease shall be effective and operative immediately and shall continue in full force and effect and the Security Trustee shall have the right to collect and receive said Rentals for application in accordance with the provisions of Section 4 hereof at all times during the period from and after the date of this Security Agreement until the Indebtedness Hereby Secured has been dully paid and discharged.

SUBJECT, HOWEVER, to permitted encumbrances referred to in Section 1 hereof.

The Security Trustee, its successors in trust and assigns shall have and hold the Collateral forever; provided, always, however, that such security interest is granted upon the express condition that if the Debtor shall pay or cause to be paid all the Indebtedness Hereby Secured and shall observe, keep and perform all the terms and



conditions, covenants and agreements herein and in the Loan Agreements and the Notes contained, then these presents and the estate hereby granted and conveyed shall cease and this Security Agreement shall become null and void; otherwise to remain in full force and effect.

#### SECTION 1. DEFINITIONS.

The following terms shall have the following meanings for all purposes of this Security Agreement:

"Acquisition Agreement" shall mean the Purchase Order Assignment dated as of July 1, 1976 between the Debtor and the Lessee, as the same may from time to time be supplemented or amended.

"Casualty Occurrence" with respect to any Item of Equipment shall have the same meaning as in Section 11.1 of the Lease.

"Casualty Value" of an Item of Equipment as of any Rent Payment Date shall have the same meaning as in Section 11.5 of the Lease.

"Default" shall mean any event which would constitute an Event of Default if any requirement in connection therewith for the giving of notice or the lapse of time or the happening of any further condition, event or act had been satisfied.

"Equipment" or "Items of Equipment" shall mean the railroad rolling stock described in Schedule A hereto, together with any accessories, equipment, parts and appurtenances, whether now owned or hereafter acquired. "Item" or "Item of Equipment" shall mean any one of said Items of Equipment.

"Event of Default" shall mean any of the events specified as such in Section 5 hereof.

"Fixed Rental" shall mean for any one Item, the aggregate Rental payable for such Item pursuant to Section 2.1(b) of the Lease, and for all Items, the aggregate of all such Rentals payable for all Items.

"Indebtedness Hereby Secured" shall mean the Notes and all principal thereof (and premium, if any) and interest thereon and all additional amounts and other sums at any time due and owing from or required to be paid by the Debtor under the terms of the Notes, this Security Agreement or the Loan Agreements.

"Lease" shall mean the Equipment Lease dated as of July 1, 1976 between the Debtor, as lessor, and the Lessee, as lessee, as the same may from time to time be supplemented or amended.

"Lender's Participation in Fixed Rental" with respect to an Item of Equipment as of any installment or other payment date on the Notes, shall mean an amount equal to the aggregate Fixed Rental in respect of such Item (after deducting an amount equal to the percentage of the Purchase Price of such Item set forth opposite the respective installment payment dates in the Schedule of Trustor Participation attached hereto as Schedule B from each installment of Fixed Rental) reserved for the balance of the term originally provided for in the Lease and remaining unpaid as of the close of business on such date.

"Lessee" shall mean Pennsylvania Power & Light Company, a Pennsylvania corporation, and any corporation which succeeds thereto by merger or consolidation or which acquires all or substantially all of the assets thereof.

"Loan Value" of an Item of Equipment as of any installment or other payment date on the Notes shall mean an amount equal to the sum of (i) the product of (w) the Lender's Participation in Fixed Rental, times (x) the quotient of the unpaid principal amount of Series A Notes as of such date divided by the aggregate unpaid principal amount of the Notes as of such date, such product discounted to such date on the basis of an 8-5/8% per annum interest factor, plus (ii) the product of (y) the Lender's Participation in Fixed Rental, times (z) the quotient of the unpaid principal amount of Series B Notes as of such date divided by the aggregate unpaid principal amount of Notes as of such date, such product discounted to such date on the basis of a 9-1/4% per annum interest factor with all such discounts to be compounded semiannually from the respective dates on which the Fixed Rental is payable and computed on the basis of a 360-day year of twelve 30-day months.

"Noteholder" shall mean a person in whose name a Note is registered in the register maintained by the Security Trustee pursuant to Section 9.1 hereof.

"Permitted Encumbrances" with respect to any Item of Equipment, but only to the extent applicable to such Item, shall mean: (i) the right, title and interest of the Lessee under the Lease, (ii) the lien of current taxes and assessments not in default or if delinquent, the validity of which is being contested in good faith by appropriate legal proceedings which will not result in the forfeiture or sale of the Item or adversely affect the Debtor's title thereto or interfere with the due payment by the Lessee to the Security Trustee of any Rental payable by the Lessee under the Lease or the due application by the Security Trustee of any such Rental pursuant to this Security Agreement and (iii) this Security Agreement and the security interest granted hereunder.

"Purchase Price of the Equipment" shall have the same meaning as in the Lease.

"Rental" shall mean the Fixed Rental and Supplemental Rental payable under the Lease.

"Supplemental Rental" shall mean all amounts, liabilities and obligations which the Lessee assumes or agrees to pay under the Lease to the Debtor or others, including without limitation, payments of Casualty Value pursuant to Section 11 of the Lease, but excluding Interim Rental and Fixed Rental.

"Trust Agreement" shall mean the Trust Agreement dated as of July 1, 1976 between the Debtor and the Trustor, as the same may from time to time be supplemented or amended.

"Trustor" shall mean The Bank of New York, a New York banking corporation, its successors and, to the extent permitted by Section 8.2 of the Trust Agreement, assigns.

## SECTION 2. COVENANTS AND WARRANTIES OF THE TRUST.

The Debtor covenants, warrants and agrees as follows:

2.1. Debtor's Duties. The Debtor covenants and agrees well and truly to perform, abide by and to be governed and restricted by each and all of the terms, provisions, restrictions, covenants and agreements set forth in the Loan Agreements, and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, to the same extent as though each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein and as though any amendment or supplement to the Loan Agreements were fully set out in an amendment or supplement to this Security Agreement.

2.2. Warranty of Title. The Debtor has the right, power and authority under the Trust Agreement to grant a security interest in the Collateral to the Security Trustee for the uses and purposes herein set forth; and the Debtor will warrant and defend the title to the Collateral against all claims and demands of persons claiming by, through or under the Debtor (excepting only Permitted Encumbrances). The Debtor also agrees that it will, in its individual capacity and at its own cost and expense, promptly take such action as may be necessary to discharge any liens or encumbrances on the Collateral which may result from claims against it, individually or as Trustee under the Trust Agreement, not related to the ownership of the Equipment or the administration of the trust estate under the Trust Agreement or any transaction pursuant to the Trust Agreement.

2.3. Further Assurances. The Debtor will, at its own expense, do, execute, acknowledge and deliver all and every further

acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired. Without limiting the foregoing but in furtherance of the security interest herein granted in the rents and other sums due and to become due under the Lease, the Debtor covenants and agrees that it will notify the Lessee of such assignment pursuant to Section 16 of the Lease and direct the Lessee to make all payments of such rents and other sums due and to become due under the Lease directly to the Security Trustee or as the Security Trustee may direct.

2.4. After-acquired Property. Any and all property described or referred to in the granting clauses hereof which is hereafter acquired shall ipso facto, and without any further conveyance, assignment or act on the part of the Debtor or the Security Trustee, become and be subject to the security interest herein granted as fully and completely as though specifically described herein, but nothing in this Section 2.4 contained shall be deemed to modify or change the obligation of the Debtor under Section 2.3 hereof.

2.5. Recordation and Filing. The Debtor will cause this Security Agreement and all supplements hereto, the Lease and all supplements thereto, and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at its own expense in such manner and in such places as may be required by law in order fully to preserve and protect the rights of the Security Trustee hereunder, and will at its own expense furnish to the Security Trustee promptly after the execution and delivery of this Security Agreement and of each supplemental Security Agreement an opinion of counsel stating that in the opinion of such counsel this Security Agreement or such supplement, as the case may be, has been properly recorded or filed for record so as to make effective of record the security interest intended to be created hereby.

2.6. Modifications of the Lease. The Debtor will not:

(a) Declare a default or exercise the remedies of the Lessor under, or terminate, modify or accept a surrender of, or offer or agree to any termination, modification or surrender of, the Lease (except as otherwise expressly provided herein) or by affirmative act consent to the creation or existence of any security interest or other lien to secure the payment of indebtedness upon the leasehold estate created by the Lease or any part thereof (other than Permitted Encumbrances); or

(b) Receive or collect or permit the receipt or collection of any Rental payment under the Lease prior to the date for payment thereof provided for by the Lease

or assign, transfer or hypothecate (other than to the Security Trustee hereunder) any Rental payment then due or to accrue in the future under the Lease in respect of the Equipment; or

(c) Sell, mortgage, transfer, assign or hypothecate (other than to the Security Trustee hereunder) its interest in the Equipment or any part thereof or in any amount to be received by it from the use or disposition of the Equipment.

2.7. Power of Attorney in Respect of the Lease. The Debtor does hereby irrevocably constitute and appoint the Security Trustee, its true and lawful attorney with full power of substitution, for it and in its name, place and stead, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all Rental, income and other sums which are assigned under the Granting clauses hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do, and to endorse the name of the Debtor on all commercial paper given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Debtor or otherwise, which the Security Trustee may deem necessary or appropriate to protect and preserve the right, title and interest of the Security Trustee in and to such rents and other sums and the security intended to be afforded hereby. The Security Trustee shall defend, indemnify and save harmless the Debtor, its successor, agents and assigns from and against any claim, cause of action, damage, liability, cost or expense (including attorneys' fees and costs in connection therewith) incurred as a result of any action taken by the Security Trustee under this Section 2.7 which is wrongful or which exceeds the power and authorities herein granted.

### SECTION 3. POSSESSION, USE AND RELEASE OF PROPERTY.

3.1. Possession of Collateral. While the Debtor is not in default hereunder, it shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto, provided, always, that the possession, enjoyment, control and use of the Equipment shall at all times be subject to the observance and performance of the terms of this Security Agreement. It is expressly understood that the use and possession of the Equipment by the Lessee under and subject to the Lease shall not constitute a violation of this Section 3.1.

3.2. Release of Property. So long as no default referred to in Section 14 of the Lease has occurred and is continuing to the knowledge of the Security Trustee, the Security Trustee shall execute a release in respect of any Item of Equipment designated by the Lessee

for settlement pursuant to Section 11 of the Lease upon receipt from the Lessee of written notice designating the Item of Equipment in respect of which the Lease will terminate and the receipt from the Lessee of the Casualty Value payment for such Item of Equipment in compliance with Section 11 of the Lease.

3.3. Release of Equipment; Consent of Noteholders. In addition to the sale, exchange or release pursuant to the foregoing Section 3.2, the Debtor may sell or otherwise dispose of any Equipment then subject to the lien of this Security Agreement, and the Security Trustee shall release the same from the lien hereof to the extent and on the terms and upon compliance with the conditions provided for in any written consent given thereto at any time or from time to time by the holder or holders of the Indebtedness Hereby Secured.

3.4. Protection of Purchaser. No purchaser **in good faith** of property purporting to be released hereunder shall be bound to ascertain the authority of the Security Trustee to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of such authority; nor shall any purchaser, in good faith, of any item or unit of the Collateral be under obligation to ascertain or inquire into the conditions upon which any such sale is hereby authorized.

SECTION 4. APPLICATION OF ASSIGNED RENTALS AND CERTAIN OTHER MONEYS RECEIVED BY THE SECURITY TRUSTEE.

4.1. Application of Rents. As more fully set forth in Division II of the Granting clause hereof, the Debtor has hereby granted to the Security Trustee a security interest in the Rental, issues, profits, income and other sums due and to become due under the Lease in respect of the Equipment as security for the Notes. So long as no Event of Default has occurred and is continuing:

(a) Fixed Rental. The amounts from time to time received by the Security Trustee which constitute payment of the installments of Fixed Rental under the Lease shall be applied first, to the payment of the installments of principal and interest (and in each case first to interest and then to principal) on the Notes then outstanding which have matured or will mature on or before the due date of such Fixed Rental, and then the balance, if any, of such amounts shall be paid to or upon the order of the Debtor not later than the next business day following the date on which the Security Trustee shall receive the same in the form of funds immediately available to the Security Trustee; and

(b) Casualty Value. The amounts from time to time received by the Security Trustee which constitute settlement by the Lessee of the "Casualty Value" for any Item of Equipment pursuant to Section 11 of the Lease shall be paid and applied on the Notes, all in such manner and in such amounts so that after giving effect to such application and the release of such Item of Equipment from the Lease and the lien of this Security Agreement:

(i) The aggregate principal amount remaining unpaid on the Notes, if any, does not exceed the Loan Value of all other Equipment which then remains subject to the Lease and the security interest of this Security Agreement; and

(ii) Each of the remaining installments of the Notes shall be reduced in the proportion that the principal amount of the prepayment bears to the unpaid principal amount of the Notes immediately prior to the prepayment.

Any amounts in excess of such Loan Value shall be released to or upon the order of the Debtor not later than the next business day following the date on which the Security Trustee shall receive the same in the form of funds immediately available to the Security Trustee; and

(c) Termination Value. The amounts received by the Security Trustee which constitute settlement by the Lessee of the "Termination Value" for the Equipment pursuant to Section 11 of the Lease shall be applied to the payment of the amount then owing or unpaid on the Notes to the holder or holders of the Notes.

4.2. Multiple Notes. If more than one Note is outstanding at the time any application is made pursuant to Section 4.1 hereof, the application shall be made on all outstanding Notes ratably in accordance with the principal amount remaining unpaid thereon and on the installments of each Note, respectively, in the manner provided for by Section 4.1 hereof.

4.3. Default. If an Event of Default has occurred and is continuing, all amounts received by the Security Trustee pursuant to the Granting clauses hereof shall be applied in the manner provided for in Section 5.6 in respect of proceeds and avails of the Collateral.

## SECTION 5. DEFAULTS AND OTHER PROVISIONS.

5.1. Events of Default. The term "Event of Default" for all purposes of this Security Agreement shall mean one or more of the following:

(a) Default in payment of an installment of the principal of, or interest on, any Note when and as the same shall become due and payable, whether at the

due date thereof or at the date fixed for prepayment or by acceleration or otherwise, and any such default shall continue unremedied for five days; or

(b) An Event of Default as set forth in Section 14 of the Lease; or

(c) Default on the part of the Debtor in the due observance or performance of any covenant or agreement to be observed or performed by the Debtor under this Security Agreement or the Loan Agreements and such default shall continue unremedied for 30 calendar days after written notice from the Security Trustee or any Noteholder to the Debtor specifying the default and demanding the same to be remedied; or

(d) Any representation or warranty made herein or in the Loan Agreements or in any report, certificate, financial or other statement furnished in connection with this Security Agreement, the Lease or the Loan Agreements, or the transactions contemplated therein shall prove to be false or misleading in any material respect as of the date of the issuance or making thereof and shall not be made good within 30 days after notice thereof from the Security Trustee or any Noteholder to the Debtor; or

(e) Any claim lien or charge (other than the Lease and liens, charges and encumbrances which the Lessee is obligated to discharge under Section 9 of the Lease) shall be asserted against or levied or imposed upon the Equipment which is prior to or on a parity with the security interest granted hereunder, and such claim, lien or charge shall not be discharged or removed within 30 calendar days after written notice from the Security Trustee or any Noteholder to the Debtor and the Lessee demanding the discharge or removal thereof.

5.2. Security Trustee's Rights. The Debtor agrees that when any "Event of Default" as defined in Section 5.1 has occurred and is continuing, but subject always to Section 7 hereof, the Security Trustee shall have the rights, options, duties and remedies of a secured party, and the Debtor shall have the rights and duties of a debtor, under the Uniform Commercial Code of Pennsylvania (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and without limiting the foregoing, the Security Trustee may exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute:



(a) The Security Trustee may, and upon the written request of the holders of 66-2/3% of the principal amount of the Notes then outstanding shall, by notice in writing to the Debtor declare the entire unpaid balance of the Notes to be immediately due and payable; and thereupon all such unpaid balance, together with all accrued interest thereon, shall be and become immediately due and payable;

(b) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Security Trustee personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor, with or without notice, demand, process of law or legal procedure, if this can be done without breach of the peace, and search for, take possession of, remove, keep and store the same, or use and operate or lease the same until sold;

(c) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Security Trustee may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Debtor once at least ten days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of said Collateral, or any part thereof, at public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Security Trustee may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) designated in the notice above referred to. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice, and the Security Trustee or the holder or holders of Notes, or of any interest therein, may bid and become the purchaser at any such sale;

(d) The Security Trustee may proceed to protect and enforce this Security Agreement and said Notes by suit or suits or proceedings in equity, at law or in

bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers for the mortgaged property or any part thereof, or subject to the provisions of Section 7 hereof, for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other proper, legal or equitable remedy available under applicable law; and

(e) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Security Trustee may proceed to exercise all rights, privileges and remedies of the Lessor under the Lease, and may exercise all such rights and remedies either in the name of the Security Trustee or in the name of the Debtor for the use and benefit of the Security Trustee.

5.3. Acceleration Clause. In case of any sale of the Collateral, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Security Agreement, the principal of the Notes, if not previously due, and the interest accrued thereon, shall at once become and be immediately due and payable; also in the case of any such sale, the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Notes and any claims for interest matured and unpaid thereon, in order that there may be credited as paid on the purchase price the sum apportionable and applicable to the Notes including principal and interest thereof out of the net proceeds of such sale after allowing for the proportion of the total purchase price required to be paid in actual cash.

5.4. Waiver by Debtor. The Debtor covenants that it will not at any time insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take, nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Collateral or any part thereof, prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and hereby expressly waives for itself and on behalf of each and every person, except decree or judgment creditors of the Debtor acquiring any interest in or title to the Collateral or any part thereof subsequent to the date of this Security Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder,

delay or impede the execution of any power herein granted and delegated to the Security Trustee, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted.

5.5. Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Debtor in and to the property sold shall be a perpetual bar, both at law and in equity, against the Debtor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Debtor, its successors or assigns (subject, however, to the then existing rights, if any, of the Lessee under the Lease).

5.6. Application of Sale Proceeds. The proceeds and/or avails of any sale of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

(a) To the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all proper expenses, liability and advances, including legal expenses and attorneys' fees, incurred or made hereunder by the Security Trustee, or the holder or holders of the Notes and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) To the payment of the holder or holders of the Notes of the amount then owing or unpaid on the Notes for principal and interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Notes, then ratably according to the aggregate of such principal and the accrued and unpaid interest with application on each Note to be made, first, to the unpaid interest thereof, and second, to unpaid principal thereon; and

(c) To the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

5.7. Discontinuance of Remedies. In case the Security Trustee shall have proceeded to enforce any right under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case the Debtor, the Security Trustee and the holders of the Notes shall

be restored to their former positions and rights hereunder with respect to the property subject to the security interest created under this Security Agreement.

5.8. Cumulative Remedies. No delay or omission of the Security Trustee or of the holder of any Note to exercise any right or power arising from any default on the part of the Debtor, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Security Trustee, or the holder of any Note of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. No remedy hereunder is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Security Agreement operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder, nor shall the Security Trustee or holder of any of the Notes be required to first look to, enforce or exhaust such other or additional security, collateral or guarantees.

5.9. Right to Cure. Anything in this Agreement to the contrary notwithstanding, in the case of any Event of Default hereunder occurring due to an "Event of Default" under the Lease, arising out of the Lessee's failure to pay Fixed Rental, the Security Trustee shall not, without the prior written consent of the Trustor, exercise any remedy or remedies provided herein or in the Lease in respect thereof during a 15-day period next following the giving of written notice to the Debtor and the Trustor by the Security Trustee of such default. During such 15-day period the Debtor or the Trustor shall have the right to cure such "Event of Default" under the Lease on behalf of the Lessee and hereunder; provided that, such right to cure shall be limited to the payment of not more than two consecutive Fixed Rental installments under the Lease and not more than three Fixed Rental installments thereunder throughout the Lease term. The cure by the Lessee of any such Event of Default shall be deemed to be a cure by the Debtor and the Trustor for the purposes of this Section 5.9. No party exercising any such right to cure pursuant to this Section shall obtain any lien, charge or encumbrance of any kind on any of the Equipment or any rentals or other amounts payable therefor under the Lease in respect of any sums paid in connection with the exercise of such right to cure, nor shall any claims of such party against the Lessee or the repayment of such sums so advanced impair the prior right of the Security Trustee to the sums payable by the Lessee under the Lease. The rights provided in this Section shall be in addition, and shall not be construed to limit, any rights of the Debtor or the Trustor otherwise set forth in this Agreement.

SECTION 6. SUCCESSOR TRUSTEES AND OTHER PROVISIONS.

6.1. Certain Duties and Responsibilities of the Security Trustee.

(a) Except during the continuance of an Event of Default to the knowledge of the Security Trustee:

(1) The Security Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Security Agreement, subject to the reasonable direction of the Holders of not less than 66-2/3% in principal amount of the Notes outstanding, and no implied covenants or obligations shall be read into this Security Agreement against the Security Trustee; and

(2) In the absence of bad faith on its part, the Security Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Security Trustee and conforming to the requirements of this Security Agreement; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Security Trustee, the Security Trustee shall not be under a duty to examine the same to determine whether or not they conform to the requirements of this Security Agreement.

(b) In case an Event of Default has occurred and is continuing to the knowledge of the Security Trustee, subject to the reasonable direction of the holders of not less than 66-2/3% in principal amount of the Notes outstanding, the Security Trustee shall exercise such of the rights and powers vested in it by this Security Agreement, and use the same degree of care and skill in its exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Security Agreement shall be construed to relieve the Security Trustee from liability for its own gross negligence, or its own willful misconduct, except that:

(1) This subsection shall not be construed to limit the effect of subsection (a) of this Section;

(2) The Security Trustee shall not be liable for any error of judgment made in good faith by an officer of the Security Trustee unless it shall

be proved that the Security Trustee was grossly negligent in ascertaining the pertinent facts; and

(3) The Security Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in principal amount of the Notes outstanding.

(d) No provision of this Security Agreement shall require the Security Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(e) Whether or not therein expressly so provided, every provision of this Security Agreement relating to the conduct or affecting the liability of or affording protection to the Security Trustee shall be subject to the provisions of this Section.

6.2. Compensation of Security Trustee. The Security Trustee shall be entitled to reasonable compensation for all services rendered in and about the administration of the trusts herein provided for and in and about foreclosure, enforcement or other protection of this Security Agreement or the lien hereof, and the Debtor agrees to pay such compensation and to indemnify the Security Trustee against any liability or damages incurred or sustained by it under this Security Agreement. Without limiting the foregoing, the Security Trustee shall have a lien for such compensation and indemnity as well as for all out-of-pocket expenses and counsel fees and court costs incurred by the Security Trustee in any foreclosure, enforcement or other protection of this Security Agreement or the lien hereof, on the Collateral and the trust estate prior to the lien for the benefit of the Notes.

6.3. Certain Rights of the Security Trustee.

(a) The Security Trustee shall not be responsible for any recitals herein or in the Loan Agreements or the Lease or for insuring or inspecting the Collateral or for paying or discharging any tax, assessment, governmental charge or lien affecting the Collateral or reviewing any financial statement of the Lessee nor shall the Security Trustee be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements

contained herein or in the Loan Agreements or the Lease nor perform any of the covenants, conditions or agreements of the Lease, and, except in the case of a default in the payment of the principal of, or premium, if any, or interest on any Note or default of which the Security Trustee has actual knowledge, the Security Trustee shall be deemed to have knowledge of any default in the performance or observance of any such covenants, conditions or agreements only upon receipt of written notice thereof from one of the holders of the Notes; provided, however, that upon receipt by the Security Trustee of such written notice from a holder of a Note, the Security Trustee shall promptly notify all other holders of Notes of such notice and the default referred to therein, by prepaid registered or certified mail addressed to them at their addresses set forth in the Register.

(b) The Security Trustee makes no representation or warranty as to the validity, sufficiency or enforceability of this Security Agreement, the Notes, the Loan Agreements, the Lease or any instrument included in the Collateral, or as to the value, title, condition, fitness for use of, or otherwise with respect to the Equipment. The Security Trustee shall not be accountable to anyone for the use or application of any of the Notes or the proceeds thereof or for the use or application of any property or the proceeds thereof which shall be released from the lien and security interest hereof in accordance with the provisions of this Security Agreement.

(c) The Security Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(d) Any request, direction or authorization by the Debtor or the Lessee shall be sufficiently evidenced by a request, direction or authorization in writing, delivered to the Security Trustee, and signed, in the case of the Debtor, by any Trustee under the Trust Agreement, and in the case of the Lessee, by its Chairman of the Board, President, any Vice President, Treasurer or Secretary; and any resolution of the Board of Directors of the Lessee shall be sufficiently evidenced by a copy of such resolution certified by its Secretary or an Assistant Secretary to have been duly adopted and to be in full force and effect on the date of such certification, and delivered to the Security Trustee.

(e) Whenever in the administration of the trusts herein provided for the Security Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate purporting to be signed by any Trustee under the Trust Agreement and delivered to the Security Trustee, and such certificate shall be full warrant to the Security Trustee or any other person for any action taken, suffered or omitted on the faith thereof, but in its discretion the Security Trustee may accept, in lieu thereof, other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable.

(f) The Security Trustee may consult with counsel, appraisers, engineers, accountants and other skilled persons to be selected by the Security Trustee, and the written advice of any thereof shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by them hereunder in good faith and in reliance thereon.

(g) The Security Trustee shall be under no obligation to take any action to protect, preserve or enforce any rights or interests in the Collateral or to take any action towards the execution or enforcement of the trusts hereunder or otherwise hereunder, whether on its own motion or on the request of any other person, which in the opinion of the Security Trustee may involve loss, liability or expense, unless the Debtor or one or more holders of the Notes outstanding shall offer and furnish reasonable security or indemnity against loss, liability and expense to the Security Trustee.

(h) The Security Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Security Agreement.

(i) The Security Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, financial statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document, unless requested in writing to do so by the holders of not less than a majority in principal amount of the Notes then outstanding.



(j) The Security Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Security Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed by it with due care.

(k) The provisions of paragraphs (c) to (j), inclusive, of this Section 6.3 shall be subject to the provisions of Section 6.1 hereof.

6.4. Showings Deemed Necessary by the Security Trustee. Notwithstanding anything elsewhere in this Security Agreement contained, the Security Trustee shall have the right, but shall not be required, to demand in respect of withdrawal of any cash, the release of any property, the subjection of any after-acquired property to the lien of this Security Agreement, or any other action whatsoever within the purview hereof, any showings, certificates, opinions, appraisals or other information by the Security Trustee reasonably deemed necessary or appropriate in addition to the matters by the terms hereof required as a condition precedent to such action.

6.5. Status of Moneys Received. All moneys received by the Security Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys, except to the extent required by law, and may be deposited by the Security Trustee under such general conditions as may be prescribed by law in the Security Trustee's general banking department, and the Security Trustee shall be under no liability for interest on any moneys received by it hereunder. The Security Trustee and any affiliated corporation may become the owner of any Note secured hereby, or the Security Trustee may act as depository or a custodian in respect to other securities of the Debtor or any affiliated corporation, all with the same rights which it would have if not the Security Trustee.

6.6. Resignation or Removal of the Security Trustee. The Security Trustee may resign and be discharged of the trusts hereby created by giving notice specifying the date when such resignation shall take effect to the Debtor and to the holders of the Notes then outstanding. Such resignation shall take effect on the day specified in such notice (being not less than 30 days after the first mailing of such notice) unless previously a successor trustee shall have been appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment of such successor.

The Security Trustee may be removed and/or a successor trustee may be appointed at any time by an instrument or concurrent instruments in writing signed and acknowledged by the holders of a majority in principal amount of the Notes and delivered to the Security Trustee and to the Debtor and, in the case of appointment of a successor trustee, to such successor trustee.

6.7. Appointment of Successor Security Trustee. In case at any time the Security Trustee shall resign or be removed or become incapable of acting, a successor Security Trustee may be appointed by the holders of a majority in aggregate principal amount of the Notes at the time outstanding, by an instrument or instruments in writing executed by such Noteholders and filed with such successor Security Trustee.

Until a successor Security Trustee shall be so appointed by the Noteholders, the Trustor, after five days prior written notice to the Noteholders, shall appoint a successor Security Trustee to fill such vacancy, by an instrument in writing executed by the Trustor and delivered to the successor Security Trustee. If all or substantially all of the Collateral shall be in the possession of one or more receivers, trustees, liquidators or assignees for the benefit of creditors, then such receivers, trustees, custodians, liquidators or assignees may, by an instrument in writing delivered to the successor Security Trustee, appoint a successor Security Trustee. Promptly after any such appointment, the Trustor, or any such receivers, trustees, custodians, liquidators or assignees, as the case may be, shall give notice thereof by first-class mail, postage prepaid, to each holder of Notes at the time outstanding.

Any successor Security Trustee so appointed by the Trustor, or such receivers, trustees, custodians, liquidators or assignees shall immediately and without further act be superseded by a successor Security Trustee appointed by the holders of a majority in aggregate principal amount of the Notes then outstanding.

If a successor Security Trustee shall not be appointed pursuant to this Section within 60 days after a vacancy shall have occurred in the office of Security Trustee, the holder of any Note or such retiring Security Trustee (unless the retiring Security Trustee is being removed) shall apply to any court of competent jurisdiction to appoint a successor Security Trustee, and such court may thereupon, after such notice, if any, as it may consider proper, appoint a successor Security Trustee.

6.8. Succession of Successor Security Trustee. Any successor Security Trustee appointed hereunder shall execute, acknowledge and deliver to the Debtor and the predecessor Security Trustee an instrument accepting such appointment, and thereupon such successor Security Trustee, without any further act, deed, conveyance or transfer, shall become vested with the title to the Collateral, and with all the rights, powers, trusts, duties and obligations of the predecessor Security Trustee in the trust hereunder, with like effect as if originally named as Security Trustee herein.

Upon the request of any successor Security Trustee, however, the Debtor and the predecessor Security Trustee shall execute and deliver such instruments of conveyance and further assurance and do

such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Security Trustee the title to the Collateral and all such rights, powers, trusts, duties and obligations of the predecessor Security Trustee hereunder, and the predecessor Security Trustee shall also assign and deliver to the successor Security Trustee any property subject to the lien of this Security Agreement which may then be in its possession.

Should any deed, conveyance or instrument in writing from the Debtor be required by any successor Security Trustee for more fully and certainly vesting in and confirming to such new Security Trustee such estates, rights, powers and duties, then upon request, any and all such deeds, conveyances and instruments in writing shall be made, executed, acknowledged and delivered, and shall be caused to be recorded and/or filed, by the Debtor.

Any Security Trustee which has resigned or been removed shall nevertheless retain any lien upon the Collateral afforded to it by Section 6.2 hereof.

6.9. Eligibility of the Security Trustee. The Security Trustee shall be a state or national bank or trust company in good standing, organized under the laws of the United States of America or of the States of Illinois or Minnesota and having its principal office in the City of Chicago or the City of Minneapolis, having a capital, surplus and undivided profits aggregating at least \$50,000,000, if there be such a bank or trust company willing and able to accept such trust upon reasonable and customary terms.

In case the Security Trustee shall cease to be eligible in accordance with the provisions of this Section, the Security Trustee shall resign immediately in the manner and with the effect specified in Section 6.6 hereof.

6.10. Successor Security Trustee by Merger. Any corporation into which the Security Trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Security Trustee shall be a party, or any state or national bank or trust company in any manner succeeding to the corporate trust business of the Security Trustee as a whole or substantially as a whole, if eligible as provided in Section 6.9, shall be the successor of the Security Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything to the contrary contained herein notwithstanding.

## SECTION 7. LIMITATIONS OF LIABILITY.

It is expressly understood and agreed by and between the Debtor, the Trustor, the Security Trustee and any Noteholders and their respective successors and assigns, that this Agreement is

executed by Harold K. Criswell, Weldon J. Smith and Robert F. Whitworth, Jr., not individually or personally, but solely as Trustees under the Trust Agreement in the exercise of the power and authority conferred and vested in them as such Trustees; and it is expressly understood and agreed that, except as otherwise expressly provided in Section 2.2 hereof or in Section 3.1(e) of the Loan Agreements and except in the case of gross negligence or willful misconduct of the Debtor or the Trustor, as the case may be, (i) nothing herein contained shall be construed as creating any liability on Harold K. Criswell, Weldon J. Smith and Robert F. Whitworth, Jr., or on the Trustor, individually or personally, to perform any covenant either express or implied contained herein, all such liability, if any, being expressly waived by the Security Trustee and the Noteholders and by each and every person now or hereafter claiming by, through or under the Security Trustee or the Noteholders, and (ii) so far as Harold K. Criswell, Weldon J. Smith and Robert F. Whitworth, Jr., or the Trustor, individually or personally are concerned, the Security Trustee and the Noteholders and any person claiming by, through or under the Security Trustee or the Noteholders shall look solely to the trust estate (as defined in the Trust Agreement) for payment of the indebtedness evidenced by any Note and the performance of any obligation under any of the instruments referred to herein.

#### SECTION 8. SUPPLEMENTAL INDENTURES; WAIVERS.

8.1. Supplemental Indentures Without Noteholders' Consent.  
The Debtor and the Security Trustee from time to time and at any time, subject to the restrictions in this Security Agreement contained, may enter into an indenture or indentures supplemental hereto and which thereafter shall form a part hereof for any one or more or all of the following purposes:

(a) To add to the covenants and agreements to be observed by, and to surrender any right or power reserved to or conferred upon the Debtor;

(b) To subject to the security interest of this Security Agreement additional property hereafter acquired by the Debtor and intended to be subjected to the security interest of this Security Agreement, and to correct and amplify the description of any property subject to the security interest of this Security Agreement;

(c) To permit the qualification of this Security Agreement under the Trust Indenture Act of 1939, as amended, or any similar Federal statute hereafter in effect, except that nothing herein contained shall permit or authorize the inclusion of the provisions referred to in Section 316(a)(2) of said Trust Indenture Act of 1939, as amended, or any corresponding provision in any similar Federal statute hereafter in effect; or

(d) For any other purpose not inconsistent with the terms of this Security Agreement, or to cure any ambiguity or cure, correct or supplement any defect or inconsistent provisions of this Security Agreement or any supplement;

and the Debtor covenants to perform all requirements of any such supplemental indenture. No restriction or obligation imposed upon the Debtor may, except as otherwise provided in this Security Agreement, be waived or modified by such supplemental indentures, or otherwise.

8.2. Waivers and Consents by Noteholders; Supplemental Indentures with Noteholders' Consent. Upon the waiver or consent of the holders of at least 66-2/3% in aggregate principal amount of the Notes (a) the Debtor may take any action prohibited or omit the taking of any action required, by any of the provisions of this Security Agreement or any indenture supplemental hereto, or (b) the Debtor and the Security Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding, changing or eliminating any provisions of this Security Agreement or of any indenture supplemental hereto or modifying in any manner the rights and obligations of the holders of the Notes and the Debtor; provided, that no such waiver or supplemental indenture shall (i) impair or affect the right of any holder to receive payments or prepayments on the principal of and payments of the interest and premium, if any, on its Note, as therein and herein provided, without the consent of such holder, (ii) permit the creation of any lien or security interest with respect to any of the Collateral, without the consent of the holders of all the Notes at the time outstanding, (iii) effect the deprivation of the holder of any Note of the benefit of the security interest of this Security Agreement upon all or any part of the Collateral without the consent of such holder, (iv) reduce the aforesaid percentage of the aggregate principal amount of Notes, the holders of which are required to consent to any such waiver or supplemental indenture pursuant to this Section, without the consent of the holders of all of the Notes at the time outstanding, or (v) modify the rights, duties or immunities of the Security Trustee, without the consent of the holders of all of the Notes at the time outstanding.

## SECTION 9. MISCELLANEOUS.

9.1. Registration Register. The Notes shall be registered as to principal and interest and shall be signed by the Debtor. The Security Trustee will keep at its principal office a register for the registration and transfer of Notes (herein called the "Register"). The names and addresses of the holders of the Notes, the transfers of the Notes and the names and addresses of the transferees of all Notes shall be registered in the Register.

9.2. Payment of the Notes.

(a) The principal of, premium, if any, and interest on the Notes shall be payable at the principal corporate trust office of the Security Trustee, in lawful money of the United States of America. Payment of principal of the Notes shall be made only upon presentation of such Notes to the Security Trustee for notation thereon of the amount of such payment.

(b) Notwithstanding the foregoing provisions of paragraph (a) of this Section 9.2, if any Note is registered in the name of one of the Lenders or a nominee thereof, or registered in the name of any subsequent holder named in a written notice from the Debtor to the Security Trustee and stating that the provisions of this paragraph shall apply, the Security Trustee shall make payment of interest on such Notes and shall make payments or prepayments (except in the case of a payment or prepayment which will discharge all indebtedness of the Debtor evidenced by such Note) of the principal thereof, and any premium, by check, duly mailed, by first-class mail, postage prepaid, or delivered to such holder at its address appearing on the Register and such holder (or the person for whom such holder is a nominee) will, before selling, transferring or otherwise disposing of such Note, present such Note to the Security Trustee for transfer and notation as provided in Sections 9.4 and 9.5. All payments so made shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sums so paid. The Security Trustee is authorized to act in accordance with the foregoing provisions and shall not be liable or responsible to any such holder or to the Debtor or to any other person for any act or omission on the part of the Debtor or such holder in connection therewith.

(c) So long as any Note is registered in the name of one of the Lenders or a nominee thereof, the Security Trustee will, upon written notice from such Lender or its nominee given not less than 20 days prior to the payment or prepayment of the Notes, cause all subsequent payments and prepayments of the principal of, and interest and premium, if any, on the Notes registered in the name of such Lender or its nominee to be made to any bank in the continental United States as shall be specified in such notice by wire transfer in immediately available funds to such bank.

Notes.            9.3. Transfers and Exchanges of Notes; Lost or Mutilated

(a) The holder of any Note may transfer such Note upon the surrender thereof at the principal corporate trust office of the Security Trustee. Thereupon, the Debtor shall execute in the name of the transferee a new Note or Notes in denominations not less than \$10,000 in aggregate principal amount equal to the unpaid principal amount of the Note so surrendered and deliver such new Note or Notes to the Trustee for delivery to such transferee.

(b) The holder of any Note or Notes may surrender such Note or Notes at the principal corporate trust office of the Security Trustee, accompanied by a written request for a new Note or Notes in the same aggregate principal amount as the then unpaid principal amount of the Note or Notes so surrendered and in denominations of \$10,000 or such amount in excess thereof as may be specified in such request. Thereupon, the Debtor shall execute in the name of such holder a new Note or Notes in the denomination or denominations so requested and in aggregate principal amount equal to the aggregate unpaid principal amount of the Note or Notes so surrendered and deliver such new Note or Notes to the Security Trustee for certification and delivery to such holder.

(c) All Notes presented or surrendered for exchange or transfer shall be accompanied (if so required by the Debtor or by the Security Trustee) by a written instrument or instruments of assignment or transfer, in form satisfactory to the Security Trustee, duly executed by the registered holder or by its attorney duly authorized in writing. The Debtor and the Security Trustee shall not be required to make a transfer or an exchange of any Note for a period of ten days preceding any installment payment date with respect thereto.

(d) No notarial act shall be necessary for the transfer or exchange of any Note pursuant to this Section 9.3, and the holder of any Note issued as provided in this Section 9.3 shall be entitled to any and all rights and privileges granted under this Security Agreement to a holder of a Note.

(e) In case any Note shall become mutilated or be destroyed, lost or stolen, the Debtor, upon the written request of the holder thereof, shall execute and deliver a new Note in exchange and substitution for the mutilated Note, or in lieu of and in substitution for the Note so destroyed, lost or stolen. The applicant for a substituted Note shall furnish to the Debtor and to the Security Trustee

such security or indemnity as may be required by them to save each of them harmless from all risks, and the applicant shall also furnish to the Debtor and to the Security Trustee evidence to their satisfaction of the mutilation, destruction, loss or theft of the applicant's Note and of the ownership thereof. In case any Note which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Debtor may, instead of issuing a substituted Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Note), if the applicant for such payment shall furnish to the Debtor and to the Security Trustee such security or indemnity as they may require to save them harmless, and shall evidence to the satisfaction of the Debtor and the Security Trustee the mutilation, destruction, loss or theft of such Note and the ownership thereof. If a Lender, or its nominee, is the owner of any such lost, stolen or destroyed Note, then the affidavit of the President, any Vice President, Treasurer or Assistant Treasurer of such Lender setting forth the fact of loss, theft or destruction and of its ownership of the Note at the time of such loss, theft or destruction shall be accepted as satisfactory evidence thereof and no indemnity shall be required as a condition to execution and delivery of a new Note other than the written agreement of such Lender to indemnify the Debtor and the Security Trustee (including their attorneys' fees) for any claims or action against them resulting from the issuance of such new Note.

#### 9.4. The New Notes.

(a) Each new Note (herein, in this Section 9.4, called a "New Note") issued pursuant to Section 9.3(a), (b) or (e) in exchange for or in substitution or in lieu of an outstanding Note (herein, in this Section 9.4, called an "Old Note") shall be dated the date of such Old Note. The Security Trustee shall mark on each New Note (i) the dates to which principal and interest have been paid on such Old Note, (ii) all payments and prepayments of principal previously made on such Old Note which are allocable to such New Note, and (iii) the amount of each installment payment payable on such New Note. Each installment payment payable on such New Note on any date shall bear the same proportion to the installment payment payable on such Old Note on such date as the original principal amount of such New Note bears to the original aggregate principal amount of such New Notes. Interest shall be deemed to have been paid on such New Note to the date on which interest shall have been paid on such Old Note, and all payments and prepayments of principal marked on such New Note, as provided in clause (ii) above, shall be deemed to have been made thereon.



(b) Upon the issuance of a New Note pursuant to Section 9.3(a), (b) or (e), the Debtor may require the payment of a sum to reimburse it for, or to provide it with funds for, the payment of any tax or other governmental charge or any other charges and expenses connected therewith which are paid or payable by the Debtor.

(c) All New Notes issued pursuant to Section 9.3(a), (b) or (e) in exchange for or in substitution or in lieu of Old Notes shall be valid obligations of the Debtor evidencing the same debt as the Old Notes and shall be entitled to the benefits and security of this Security Agreement to the same extent as the Old Notes.

(d) Upon the issuance of any Note pursuant to this Security Agreement, the Debtor shall submit to the Trustor a request that the Trustor prepare and deliver to the Debtor an amortization schedule with respect to such Note setting forth the amount of the installment payments to be made on such Note after the date of issuance thereof and the unpaid principal balance of such Note after each such installment payment, and upon receipt by the Debtor from the Trustor of such schedule, the Debtor shall furnish a copy thereof to the Security Trustee. The Security Trustee shall deliver, or send by first-class mail, postage prepaid, one copy of the applicable schedule to the holder of such Note at its address set forth in the Register.

9.5. Cancellation of Notes. All Notes surrendered for the purpose of payment, redemption, transfer or exchange shall be delivered to the Security Trustee for cancellation or, if surrendered to the Security Trustee, shall be cancelled by it, and no Notes shall be issued in lieu thereof except as expressly required or permitted by any of the provisions of this Security Agreement. The Security Trustee shall deliver a certificate to the Debtor specifying any cancellation of Notes which has been made, and all such cancelled Notes shall be delivered to or disposed of as directed by the Debtor.

9.6. The Security Trustee as Agent. The Security Trustee is hereby appointed the agent of the Debtor for the limited purpose of payment, registration, transfer and exchange of Notes. Subject to the provisions of Section 9.2 hereof, Notes may be presented for payment at, and notices or demands with respect to the Notes or this Security Agreement may be served or made at, the principal corporate trust office of the Security Trustee. Any such notices or demands shall promptly be delivered by the Security Trustee to the Debtor.

9.7. Registered Owner. The person in whose name any Note shall be registered shall be deemed and treated as the owner thereof for all purposes of this Security Agreement and neither the Debtor

nor the Security Trustee shall be affected by any notice to the contrary. Payment of or on account of the principal of, premium, if any, and interest on such Note shall be made only to or upon the order in writing of such registered owner. For the purpose of any request, direction or consent hereunder, the Debtor and the Security Trustee may deem and treat the registered owner of any Note as the owner thereof without production of such Note.

9.8. Successors and Assigns. Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all the covenants, premises and agreements in this Security Agreement contained by or on behalf of the Debtor or by or on behalf of the Security Trustee, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

9.9. Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

9.10. Communications. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States mail, registered, postage prepaid, addressed as follows:

If to the Debtor:	Trustees under PP&L Trust No. 76-1 c/o Matrix Leasing International, Inc. Bank of America Center San Francisco, California 94101
If to the Security Trustee:	First National Bank of Minneapolis P. O. Box A-700 Minneapolis, Minnesota 55480

Attention: Corporate Trust Department

or to the Debtor or the Security Trustee at such other address as the Debtor or the Security Trustee may designate by notice duly given in accordance with this Section to the other party.

9.11. Release. The Security Trustee shall release this Security Agreement and the security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all indebtedness secured hereby has been fully paid or discharged.

9.12. Governing Law. This Security Agreement and the Notes shall be construed in accordance with and governed by the laws of the

State of California; provided, however, that the Security Trustee shall be entitled to all the rights conferred by any applicable Federal statute, rule or regulation.

9.13. Counterparts. This Security Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Security Agreement.

9.14. Headings. Any headings or captions preceding the text of the several sections hereof are intended solely for convenience of reference and shall not constitute a part of this Security Agreement nor shall they affect its meaning, construction or effect.

9.15. Effective Date. This Security Agreement is dated as of the date designated in the initial paragraph hereof for convenience of identification and has been executed by the Debtor on the date shown in the acknowledgment attached hereto, but is delivered by the Debtor to the Security Trustee and becomes effective on the date of purchase of the Notes by the Lenders and the filing and recording of this Security Agreement with the Secretary of the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act.

IN WITNESS WHEREOF, the Debtor has caused this Security Agreement to be executed and the Security Trustee, in evidence of its acceptance of the trusts hereby created, has caused this Security Agreement to be executed on its behalf by one of its trust officers and its corporate seal to be hereunto affixed, and said seal and this Security Agreement to be attested by one of its Assistant Secretaries, all as of the day and year first above written.

HAROLD K. CRISWELL, WELDON J. SMITH  
and ROBERT F. WHITWORTH, JR.,  
as Trustees under PP&L Trust No. 76-1

By Harold K. Criswell  
Trustee as aforesaid

DEBTOR

FIRST NATIONAL BANK OF MINNEAPOLIS

[BANK SEAL]

By W. E. Ashman  
Its VICE PRESIDENT

ATTEST:

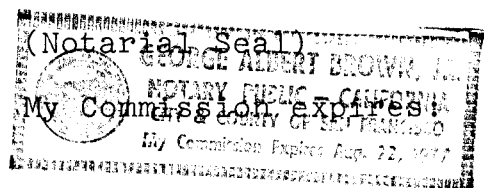
SECURED PARTY

W. E. Ashman  
Trust Officer

STATE OF CALIFORNIA           )  
  ) SS  
COUNTY OF SAN FRANCISCO    )

On this first day of July, 1976, before me personally appeared maforesaid individuals, to me known to be one of the persons described in and who executed the foregoing instrument and he acknowledged that he executed the same as his free act and deed.

George Albert Brown, Jr.  
Notary Public



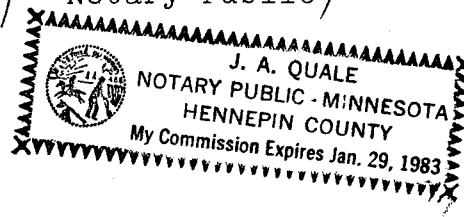
STATE OF MINNESOTA       )  
  ) SS  
COUNTY OF HENNEPIN     )

On this 6 day of July, 1976, before me personally appeared W. B. EASTMAN, to me personally known, who being by me duly sworn, says that he is a VICE PRESIDENT of FIRST NATIONAL BANK OF MINNEAPOLIS, that the seal affixed to the foregoing instrument is the bank seal of said banking corporation, that said instrument was signed and sealed on behalf of said banking corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said banking corporation.

J. A. Quale  
Notary Public

(Notarial Seal)

My Commission expires:



DESCRIPTION OF EQUIPMENT

MANUFACTURER: Bethlehem Steel Corporation

DESCRIPTION: 110 100-ton open top triple hopper cars

ROAD OR CAR NUMBERS: Lettered PPLX and numbered 226, 244,  
306, 544, 842 and 992 to 1096, both  
inclusive

(PP&L Trust No. 76-1)

SCHEDULE A

TRUSTOR'S PARTICIPATION

<u>Fixed Rental Installment No.</u>	<u>Percentage of Purchase Price</u>
1	.000010%
2	.000010%
3	.000010%
4	.000010%
5	.000010%
6	.000010%
7	.000010%
8	.000010%
9	.000010%
10	.000010%
11	.000010%
12	.000010%
13	.000013%
14	.000013%
15	.000013%
16	.000013%
17	.000013%
18	.000013%
19	.000013%
20	.000013%
21	.000013%
22	.000013%
23	.000013%
24	.000013%
25	.000013%
26	.000013%
27	2.161444%
28	2.161444%
29	2.242492%
30	2.242492%
31	2.326476%
32	2.326476%
33	2.413471%
34	2.413471%
35	2.503609%
36	2.503609%
37	2.597024%
38	2.597024%
39	2.708959%
40	2.708959%

(PP&L Trust No. 76-1)

SCHEDULE B  
(to Security Agreement-Trust Deed)